

# **THE GOOD, THE BAD & THE JUST-PLAIN-NOT-LEGAL:**

**AN IMPACT & EQUITY ANALYSIS OF NEW ORLEANS'  
2020 PROVISIONAL PROPERTY TAX ROLLS**



**AUGUST 2019**



# **BACKGROUND**

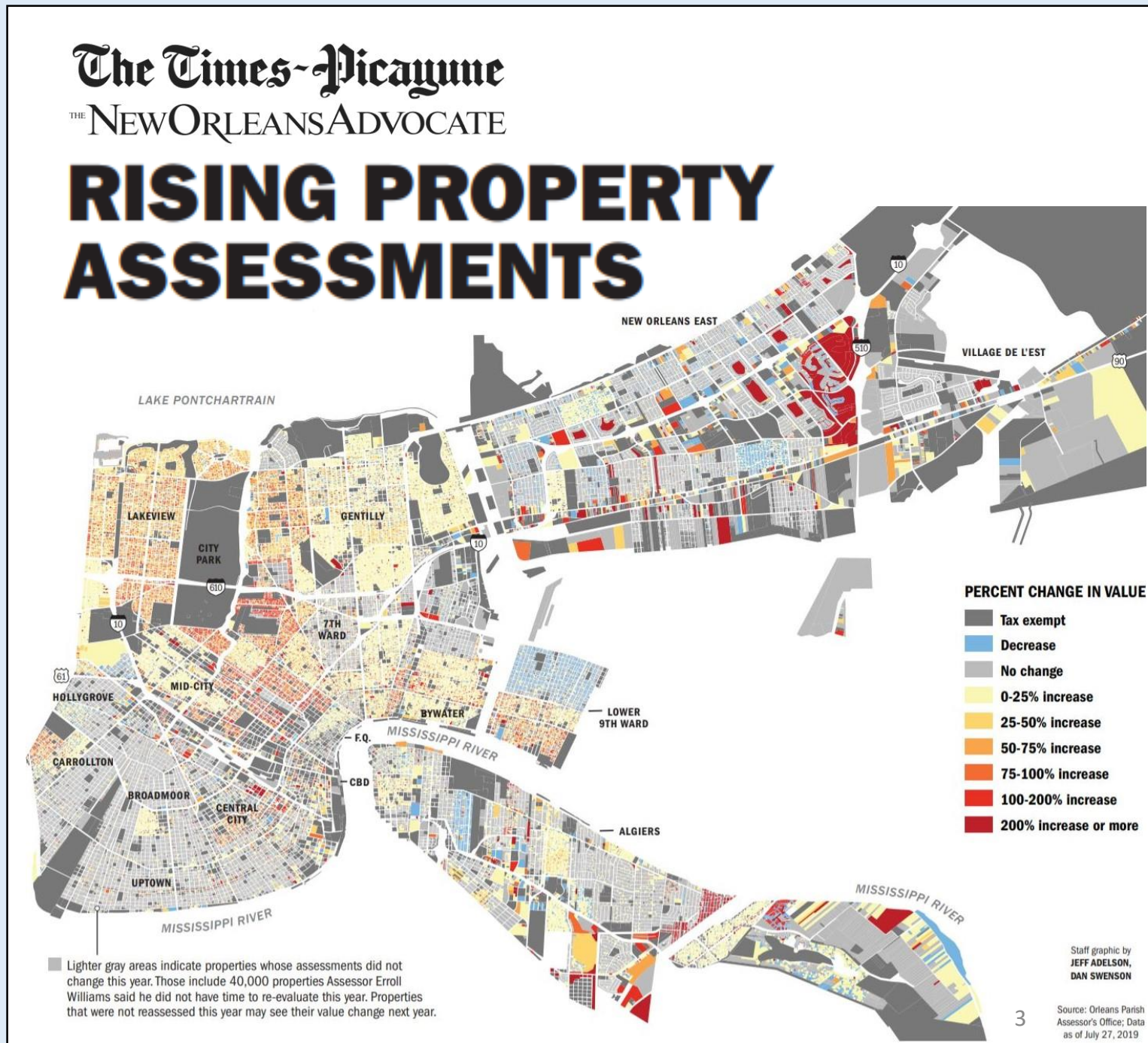
**Parish assessors have one job: to determine and list the fair market value of every property in their parish.**

**Assessors are required to re-assess all property in a parish at least every four years.**

**2020 “provisional” tax rolls were released in July. After challenges are considered, the rolls will be certified in October.**

# OVERALL PICTURE

2020 provisional rolls show big value increases across much of the City.



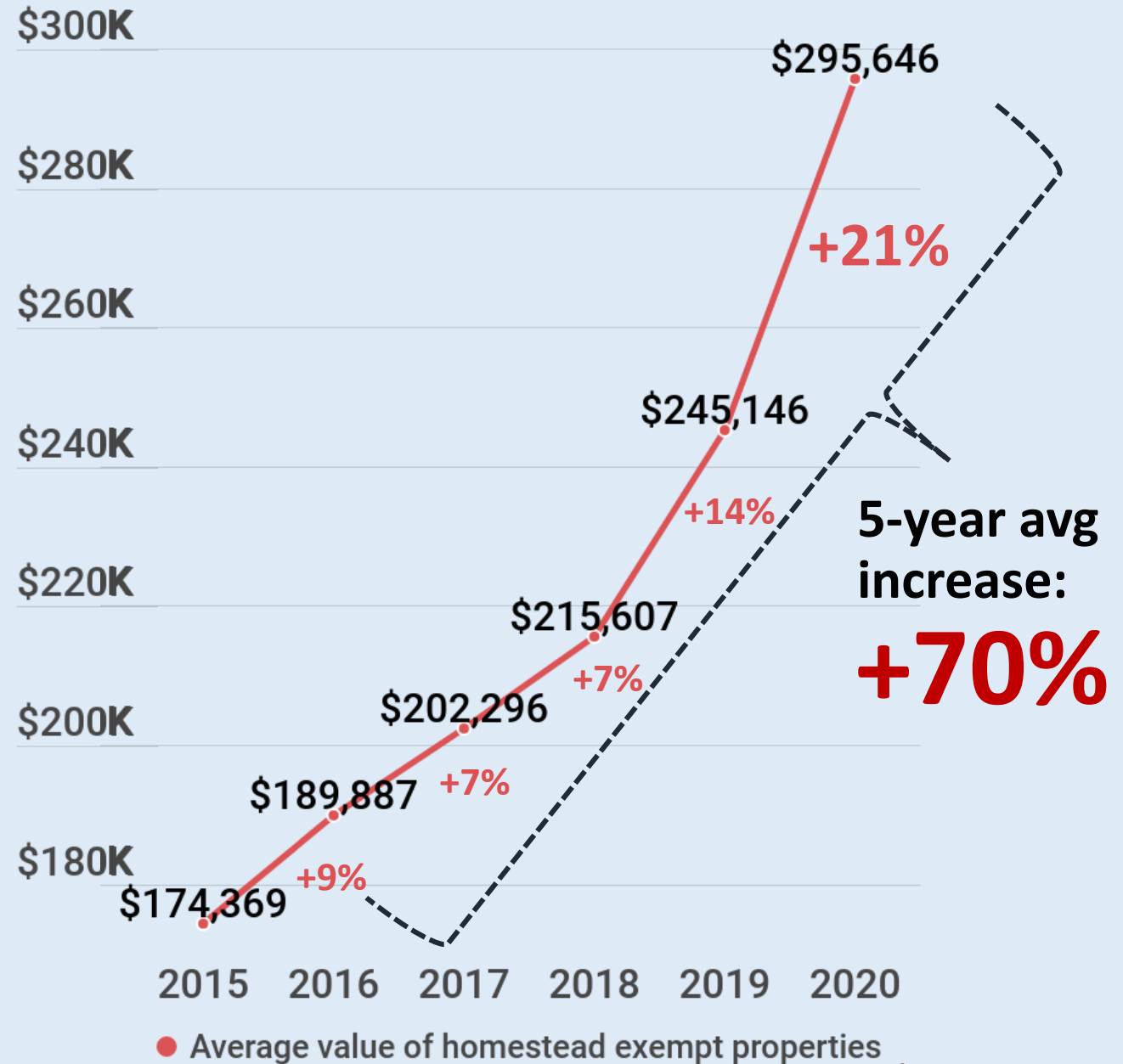
# OVERALL PICTURE

Avg home values have increased by 70% over last 5 years

Current assessments show largest 1-year increase to date (21%)



## Avg home values: 2015 to 2020



# **TNO STUDY ASKED 2 TYPES OF QUESTIONS:**

## **#1 – IMPACT QUESTION**

**How serious is the impact of the increasing assessments? What people and neighborhoods are most severely affected?**

## **#2 – FAIRNESS QUESTION**

**To what extent have assessment increases been applied consistently across different kinds and values of property?**



# **IMPACT QUESTION:**

**How serious is the impact?**

**What people and neighborhoods  
will be most severely affected?**



## 1-year vs. 4-year time-frame

Constitutional Amendment 6 passed in 2018.

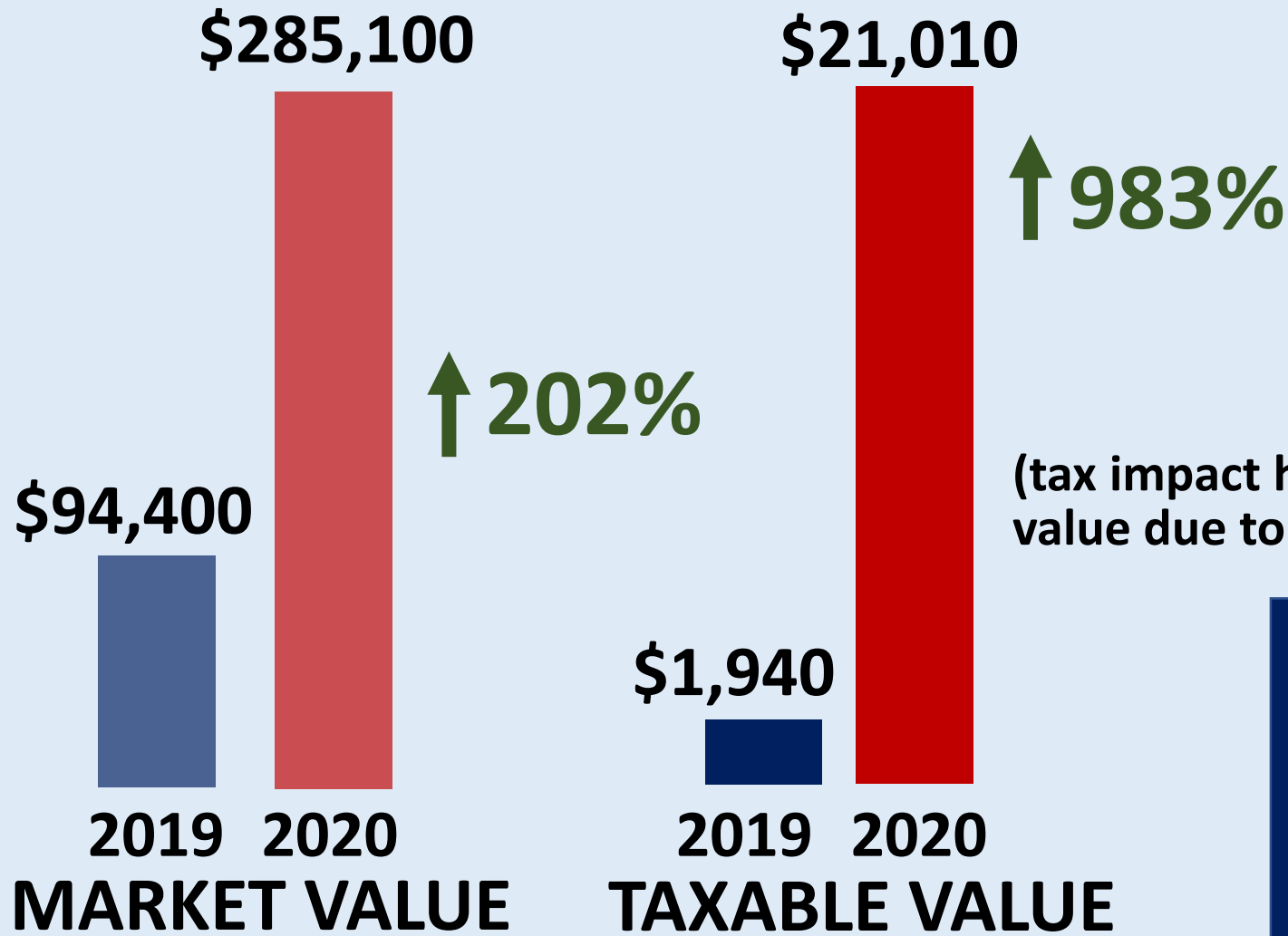
Homes with 1-year increase in taxable assessment of 50% or more will pay increase over 4 years (25% of increase per year)

Impact needs to be evaluated on a 1-year & 4-year time horizon.





# EXAMPLE: 218 N ROCHEBLAVE



(tax impact higher than change in market value due to homestead exemption)

Year	Land Value	Building Value	Total Value	Assessed Land Value	Assessed Building Value	Total Assessed Value	Homestead Exemption Value	Taxable Assessment
*2020	\$ 52,700	\$ 232,400	\$ 285,100	\$ 5,270	\$ 23,240	\$ 28,510	\$ 7,500	\$ 21,010
2019	\$ 15,800	\$ 78,600	\$ 94,400	\$ 1,580	\$ 7,860	\$ 9,440	\$ 7,500	\$ 1,940
2018	\$ 15,800	\$ 78,600	\$ 94,400	\$ 1,580	\$ 7,860	\$ 9,440	\$ 7,500	\$ 1,940

**TAX IMPACT**  
**CURRENT TAXES: \$293**  
**YEAR 1 (2020):** taxes increase from \$293 to \$1,013  
**\$720 tax increase (+246%)**  
**YEAR 4 (2023) :** taxes increase from \$293 to \$3,013  
**\$2,880 tax increase (983%)**



# **1,998 households**

**will see an increase of \$1000 or more in their housing costs next year**

# **5,188 households**

**will see an increase of \$1000 or more in their housing costs over next 4 years (assuming zero further assessment increases)**



# **RENTERS LIKELY TO BE MORE SERIOUSLY AFFECTED**

**Cost of tax increases likely to be passed on by landlords**

**Homestead exemption, senior tax freezes and 2018 constitutional provision will not apply (no buffers)**

**For renters, it's less easy to identify precisely which households will be impacted**



# IMPACT RANK BY NEIGHBORHOOD

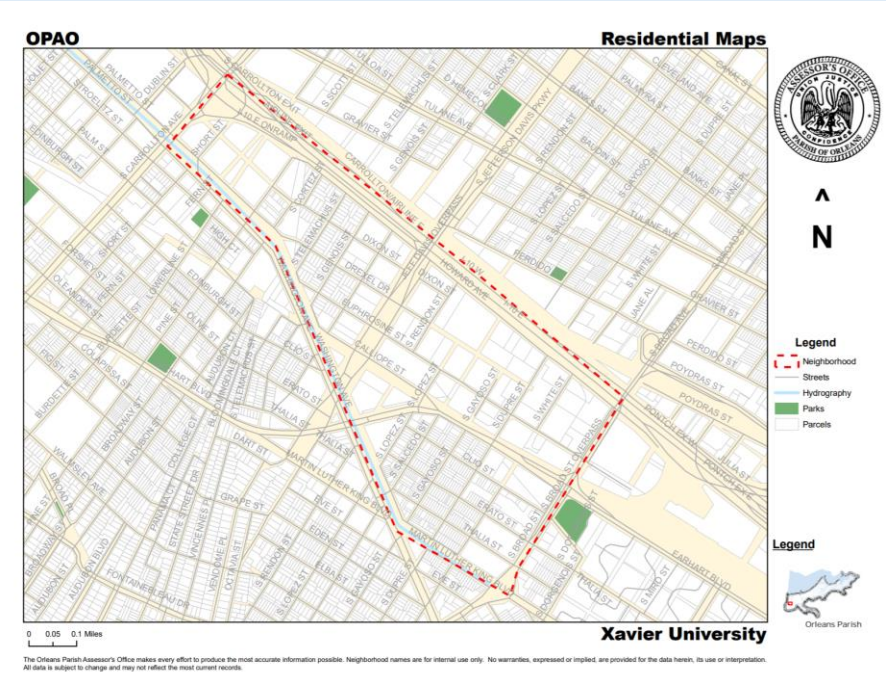
NEIGHBORHOOD	NEIGHBORHOOD IMPACT RANK (out of 433)	Avg tax increase	Increase as % of area median income	Area median income (household)	2019 avg taxes	2020 avg taxes	Increase as % of avg monthly mortgage
ST. AUGUSTINE	1	\$1,961	7%	\$28,594	\$2,083	\$3,981	11%
CITY PARK	2	\$3,343	6%	\$51,458	\$3,579	\$6,859	13%
ESPLANADE TRIANGLE	3	\$1,683	6%	\$29,794	\$2,765	\$4,335	8%
TULANE-GRAVIER	4	\$820	5%	\$15,466	\$1,265	\$1,899	8%
XAVIER UNIVERSITY	5	\$697	5%	\$13,194	\$295	\$880	12%
PARKVIEW	6	\$2,606	5%	\$51,458	\$3,319	\$5,896	11%
ARCADIA COURT	7	\$1,536	5%	\$31,579	\$2,752	\$3,573	6%
BROADVILLE	8	\$1,077	4%	\$24,475	\$1,337	\$2,249	10%
WEST END PARK SOUTH	9	\$3,128	4%	\$71,890	\$4,126	\$7,139	13%
ST. JOHN VILLAGE	10	\$1,344	4%	\$32,415	\$1,639	\$2,824	9%
MLK - OCH	11	\$859	4%	\$21,705	\$1,456	\$2,216	7%
BYWATER RAILROAD CORRIDOR	12	\$1,752	4%	\$44,911	\$2,747	\$4,290	8%
DERBY PLACE	13	\$1,438	4%	\$37,773	\$564	\$1,956	16%
FAIRGROUNDS	14	\$1,075	4%	\$29,657	\$1,154	\$2,185	9%
TULANE-FALSTAFF	15	\$576	3%	\$16,582	\$1,051	\$1,447	6% <sup>11</sup>

# IMPACT RANK BY NEIGHBORHOOD

NEIGHBORHOOD	NEIGHBORHOOD IMPACT RANK (out of 433)	Avg tax increase	Increase as % of area median income	Area median income (household)	2019 avg taxes	2020 avg taxes	Increase as % of avg monthly mortgage
GUSTE	16	\$338	3%	\$9,927	\$836	\$1,042	4%
DE SAIX NORTH	17	\$1,254	3%	\$37,773	\$886	\$2,116	13%
TULANE & BROAD	18	\$515	3%	\$15,845	\$911	\$1,365	5%
TREME	19	\$680	3%	\$22,066	\$980	\$1,586	6%
EAST RIVERSIDE COM 61	20	\$1,423	3%	\$46,996	\$5,593	\$7,016	6%
SOUTH LAKE VISTA	21	\$3,413	3%	\$112,813	\$5,711	\$8,980	12%
BANCROFT	22	\$1,578	3%	\$55,440	\$4,398	\$5,766	6%
HARRISON CANAL	23	\$2,296	3%	\$84,259	\$3,835	\$5,989	11%
ARMSTRONG PARK	24	\$769	3%	\$28,594	\$1,509	\$2,259	5%
UPPER WEST LAKEVIEW	25	\$1,926	3%	\$71,890	\$3,683	\$5,590	10%
ST BERNARD	26	\$621	3%	\$23,555	\$988	\$1,482	7%
WEST LAKEVIEW	27	\$1,727	2%	\$71,890	\$3,359	\$5,015	9%
WAREHOUSE DISTRICT 1	28	\$1,482	2%	\$63,015	\$5,840	\$7,105	4%
LEGION OAKS	29	\$1,401	2%	\$60,114	\$2,240	\$3,472	10%
BAYOU ST. JOHN	30	\$933	2%	\$45,208	\$3,790	\$4,653	4%

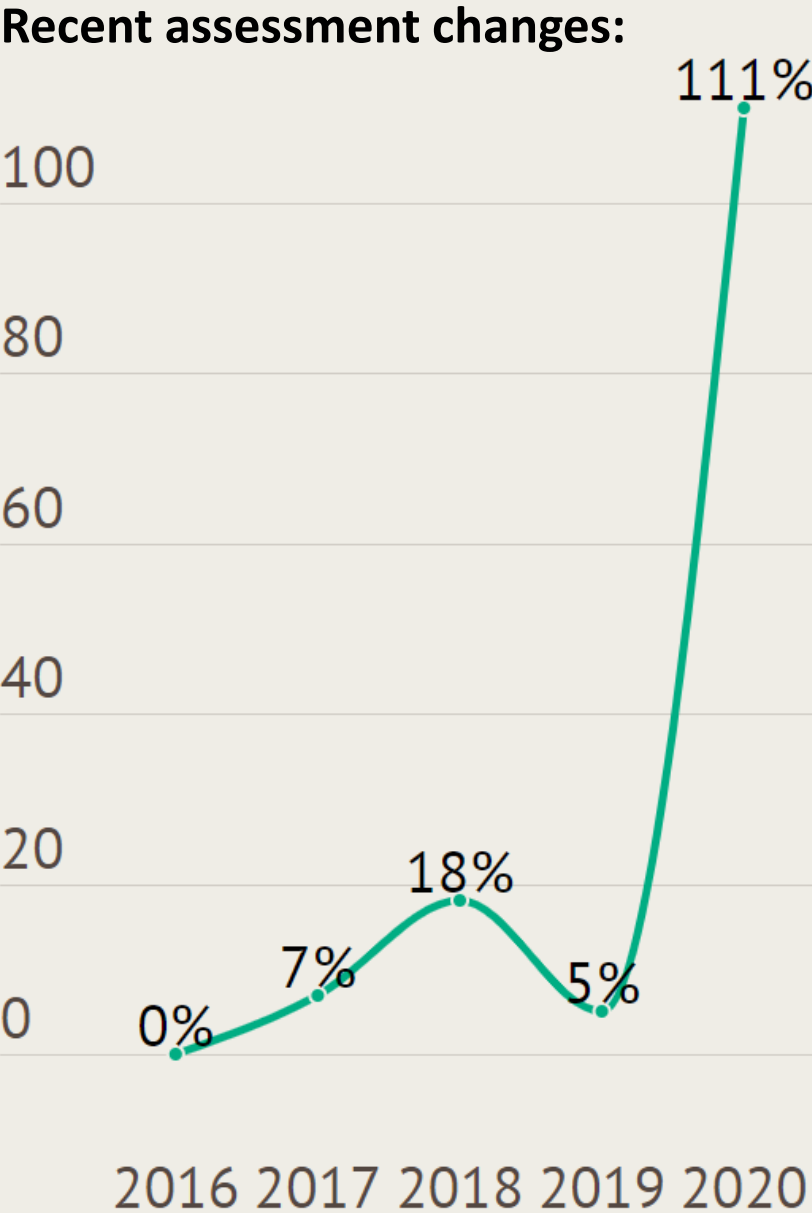
# TALE OF TWO NEIGHBORHOODS

## XAVIER UNIVERSITY



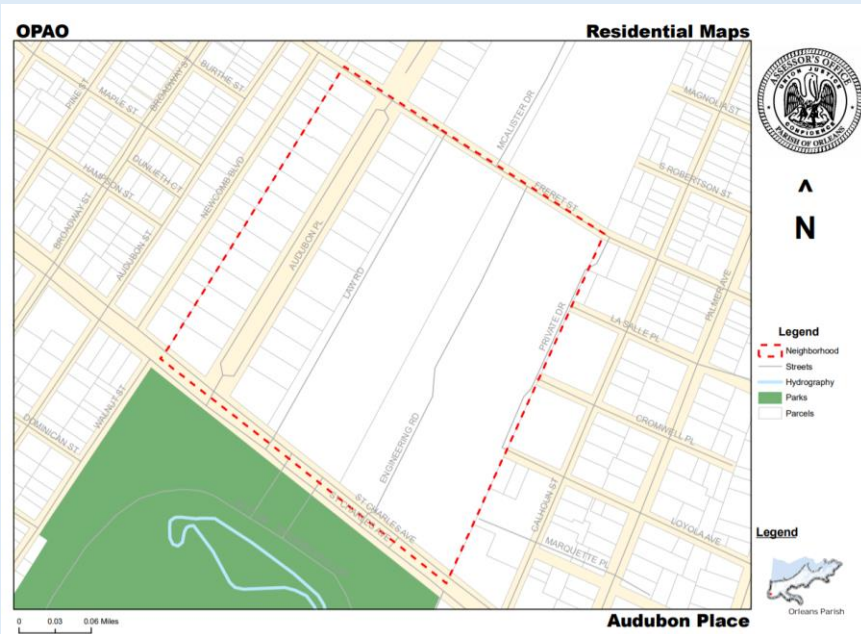
**\$76,229**

**Avg home value:**



# TALE OF TWO NEIGHBORHOODS

## AUDUBON PLACE



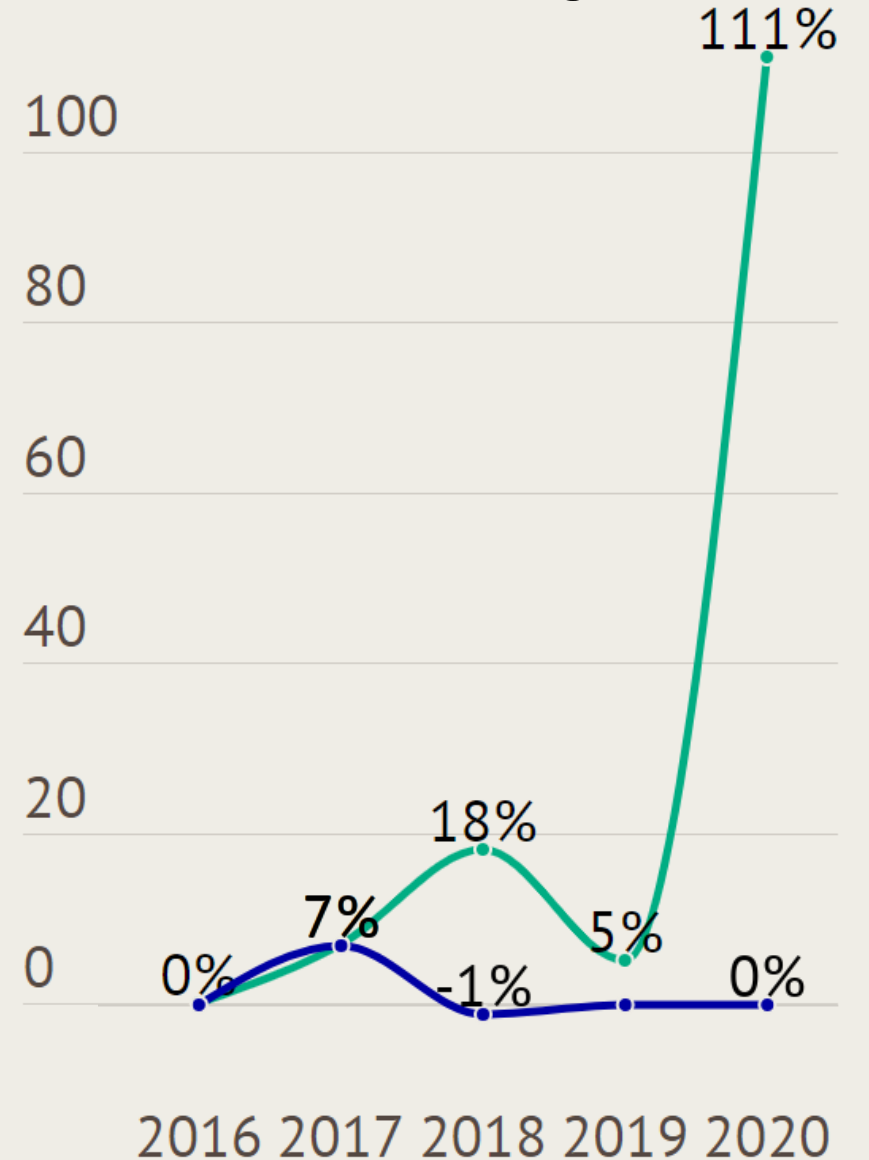
**\$3.7M**

**Audubon Pl avg  
home value**

**\$76,229**

**XAVIER U avg  
home value**

Recent assessment changes:





# EQUITY QUESTION

**Have the assessment changes  
been applied consistently?**



# **3 big problems with assessor's 2020 provisional rolls**

- 1) High-value Bias**
- 2) The Parking Lot / Vacant Lot Perk**
- 3) Industrial-scale omissions**



# **Problem #1) High value bias**

**Question: Do the 2020 assessed values track with recent sale prices?**

**Let's look at properties by value cohort ...**



# **THE HIGHER-VALUE THE ASSESSMENT, THE LOWER THE ASSESSMENT IS RELATIVE TO RECENT SALES OF COMPARABLE PROPERTIES**

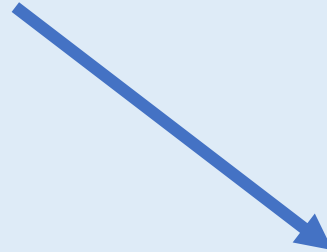
<b>Value cohort</b>	<b>Avg recent sale price</b>	<b>Avg 2020 assessment</b>	<b>% variance from sale price</b>
Below \$200K	\$124K	\$150K	+ 20%
\$200K to \$500K	\$326K	\$309K	-5%
\$500K to \$999K	\$662K	\$578K	-13%
\$1M to \$5M	\$1.7M	\$1.2M	-26%
\$5M +	\$23.1M	\$9.5M	-59%

**(Sales comps are from 2015 to 2019 from same assessment area in same value cohort.)**



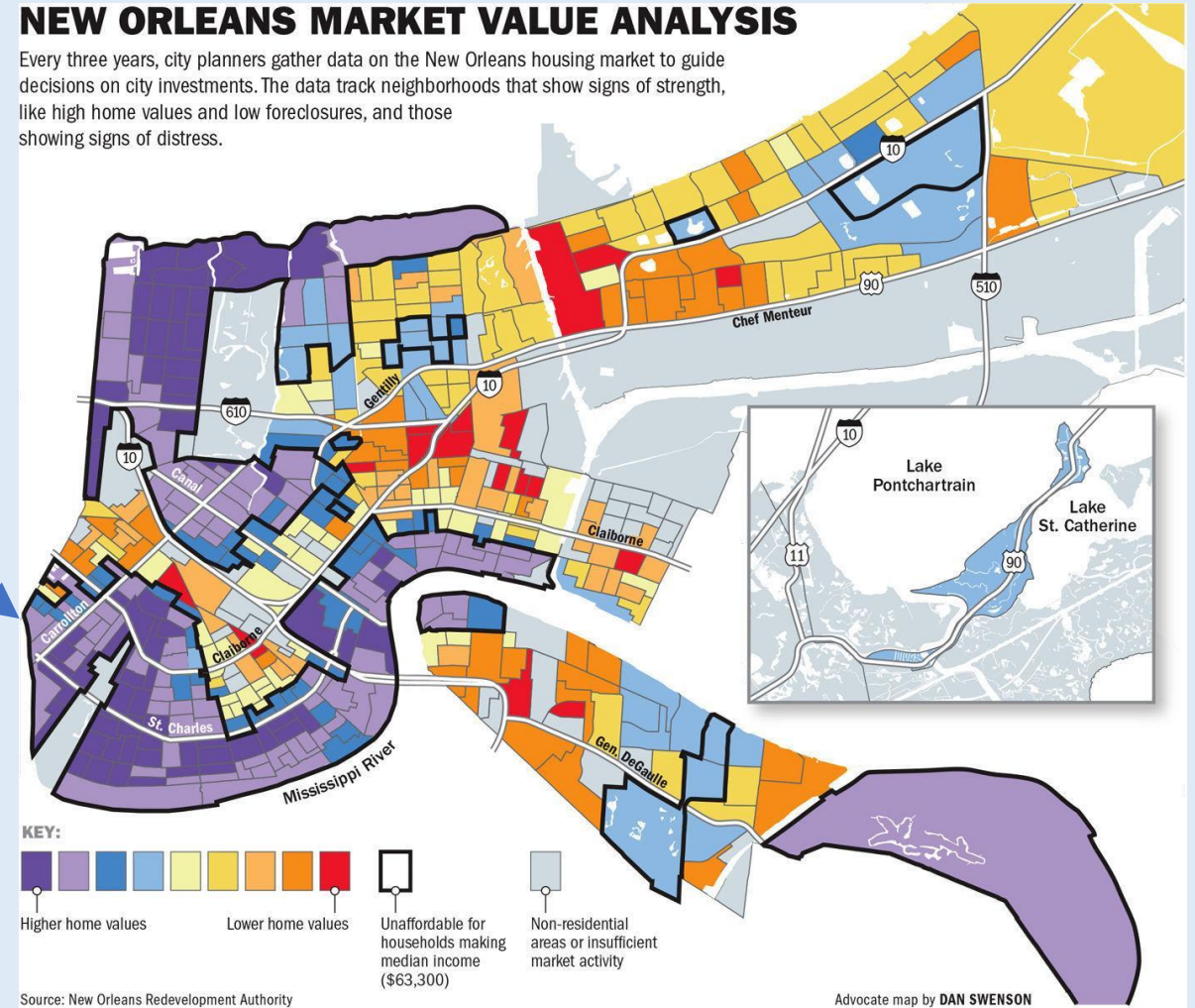
# High-value bias is in part due to what areas did not get re-assessed

## Areas with highest home values are in purple



### NEW ORLEANS MARKET VALUE ANALYSIS

Every three years, city planners gather data on the New Orleans housing market to guide decisions on city investments. The data track neighborhoods that show signs of strength, like high home values and low foreclosures, and those showing signs of distress.

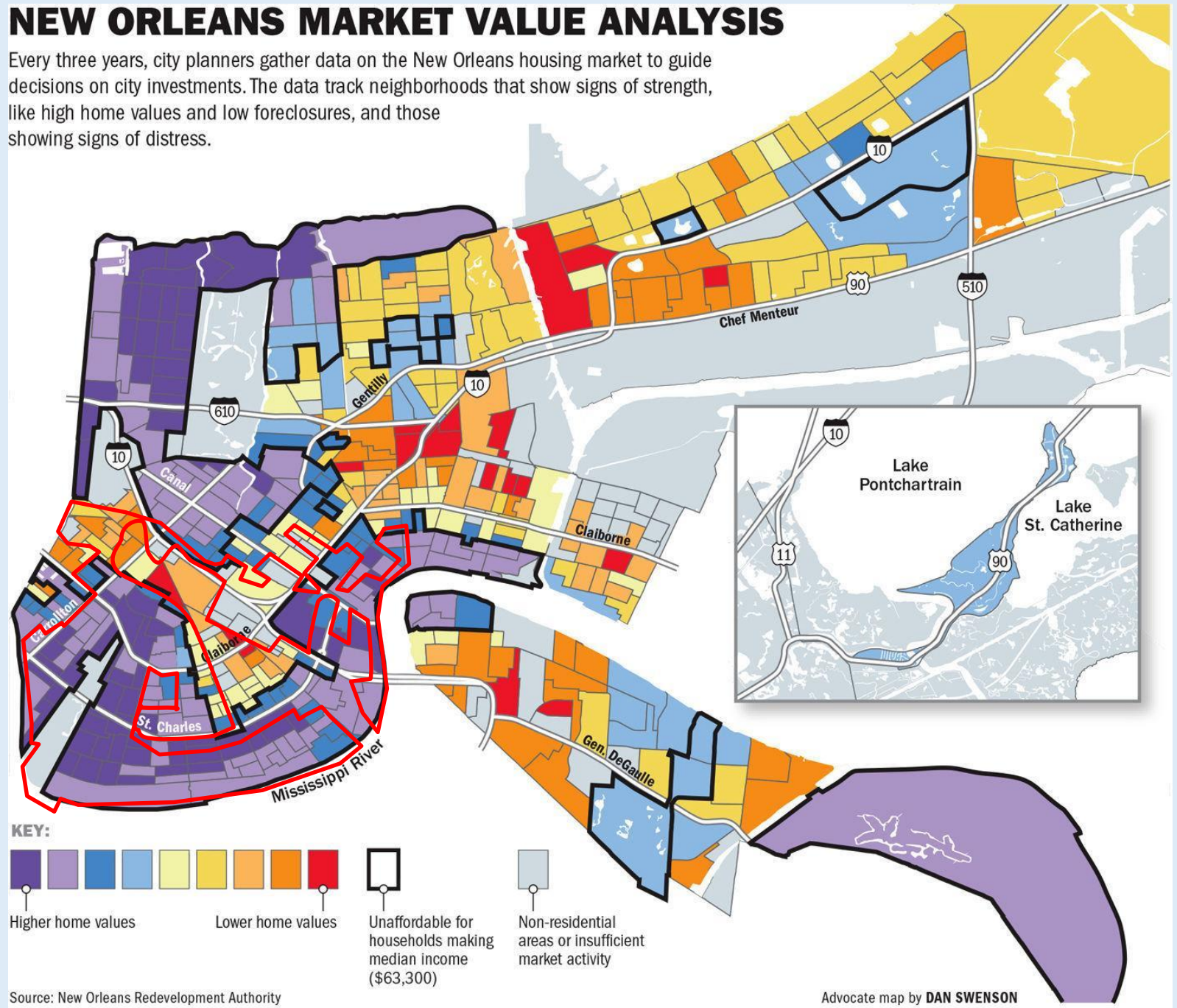




Areas with  
highest home  
values are in  
purple

## NEW ORLEANS MARKET VALUE ANALYSIS

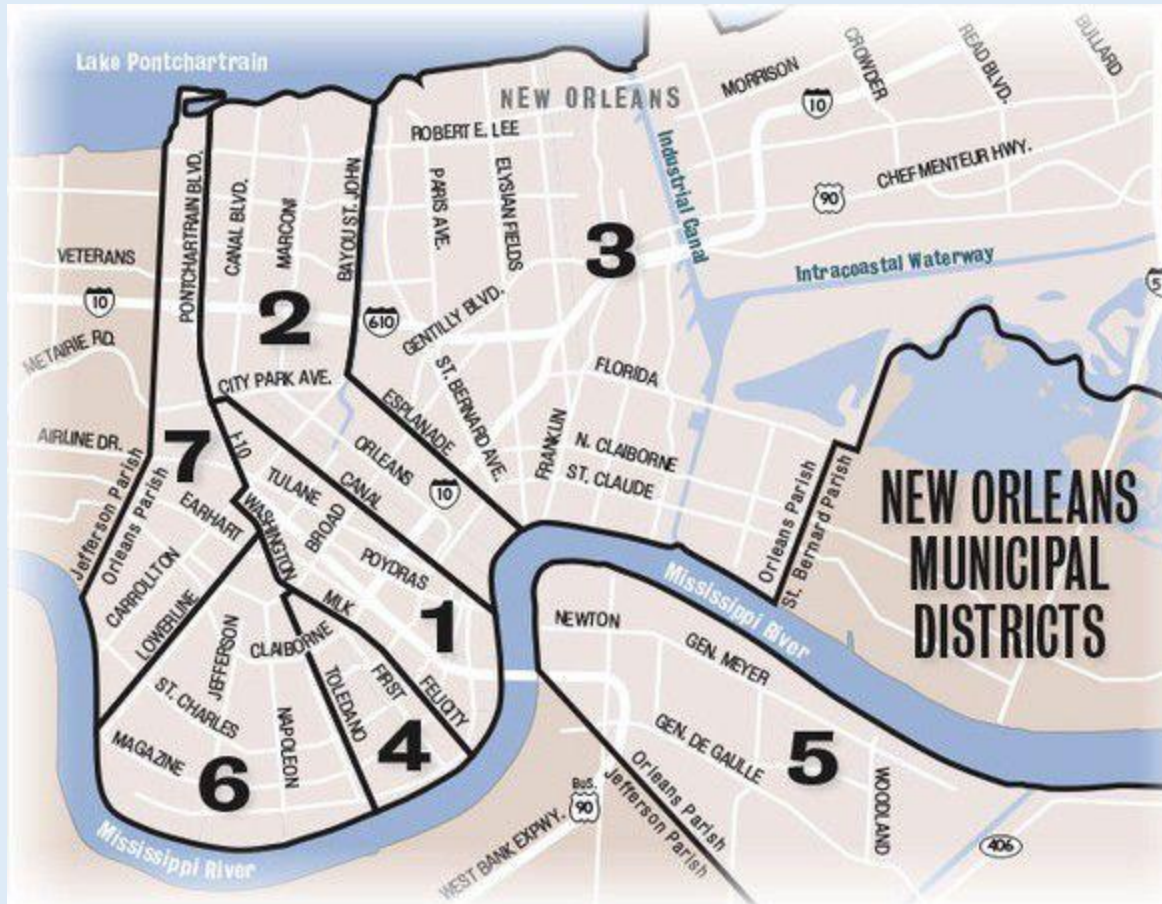
Every three years, city planners gather data on the New Orleans housing market to guide decisions on city investments. The data track neighborhoods that show signs of strength, like high home values and low foreclosures, and those showing signs of distress.



And here are the  
areas that did not  
get re-assessed



# HIGH-VALUE BIAS



**\$245,146**

2020  
increase:  
**↑ 21%**

**AVG HOME  
WHOLE CITY**

**\$458,608**

2020  
increase:  
**↑ 1.7%**

**AVG HOME  
ASSESSMENT AREA #6**

<b>ASSESSOR DISTRICT</b>	<b>AVG HOME VALUE</b>	<b>% assessment increase</b>	<b>Area's median income</b>
<b>2</b>	<b>\$339,709</b>	<b>24.8%</b>	<b>\$61,077</b>
<b>7</b>	<b>\$274,163</b>	<b>12.4%</b>	<b>\$49,167</b>
<b>1</b>	<b>\$294,586</b>	<b>12.3%</b>	<b>\$31,772</b>
<b>3</b>	<b>\$151,537</b>	<b>10.5%</b>	<b>\$32,076</b>
<b>4</b>	<b>\$333,053</b>	<b>5.2%</b>	<b>\$40,613</b>
<b>5</b>	<b>\$169,645</b>	<b>4.2%</b>	<b>\$46,587</b>
<b>6</b>	<b>\$458,608</b>	<b>1.7%</b>	<b>\$62,139</b>

## **Problem #2) Parking Lot / Vacant Lot Perk**

**Under-valuation of land relative to structure builds in a tax subsidy for vacant properties and non-structure commercial properties.**



# Assessments have 2 components:

Value of land

Value of structure



Year	Land Value	Building Value	Total Value
*2020	\$ 58,000	\$ 224,300	\$ 282,300
2019	\$ 23,200	\$ 119,000	\$ 142,200
2018	\$ 23,200	\$ 119,000	\$ 142,200
* Uncertified Values			

Structure didn't improve. But "building value" accounts for 75% of value increase.

Land is under-valued throughout rolls relative to building costs as a proportion of the total property value



# WHY DOES THIS MATTER?

**#1) It gives a tax subsidy to vacant land**



**#2) It undervalues parking lots and other non-structure commercial properties**



# PROBLEM #3: INDUSTRIAL-SCALE OMMISSIONS

Taxable industrial  
property is being  
treated as  
though it were  
tax-exempt



**Art Neville memorial events  
scheduled for Tuesday**  
metro 1B



**HIGH 89 LOW 77**  
MORE ON 8A

**INSIDE TODAY**



**CLASSIC CANVAS**

**The Times-Picayune**  
THE NEW ORLEANS ADVOCATE

SEVEN DAYS • HOME DELIVERED • LOUISIANA OWNED

**nola.com** **SATURDAY**  
JULY 27, 2019  
**\$1.00**

## Folgers could owe N.O. \$1M in back taxes

State rejects request to renew exemptions for plants

BY JESSICA WILLIAMS  
Staff writer

The Folgers Coffee Co. may need to cough up well over \$1 million in back property taxes to the city after exemptions for its manufacturing plants in New Orleans East were recently scrapped by the state.

The state Board of Commerce and Industry, which grants exemptions under the state Industrial Tax Exemption Program, or ITEP, in October rejected Folgers' late application to renew two exemptions it received for those plants in 2012.

No one from Folgers or its parent company, the Ohio-based J.M. Smucker Co., appeared at that time to make the case in person for the board to consider Folgers' application after the deadline, board members said. And in February, when a company official did show up to appeal the denial, members declined to hear the appeal.

Board member Jerald Jones said the company should have given more attention to the application process.

"When something as important as these renewals come up, and the company does not feel it's important enough to send a representative, we feel like it's important to send the message that, 'This is important to us,'" Jones said, according to a transcript from the February meeting.

A representative from Smucker Co., Curtis Mall, said he was unable to make the meeting in October and didn't send anyone else because he was the best suited to answer the board's questions about the tax application.

Folgers received the lion's share of exemptions doled out in New Orleans through ITEP from 1998 to 2017, according to data from Louisiana Economic Development and Together Louisiana, an ITEP critic.

As a result, New Orleans did not collect more than \$105 million in taxes from Folgers over that time.

Benefits under the ITEP program are granted by the state but mostly affect tax revenues that go to local entities. New rules for the program that were enacted last year give local governments more of a say in the awards.

Those rules came after critics said program participants had failed to live up to their promise of providing new jobs in exchange for the tax breaks. The state gave away \$13.7 billion in taxes for the 10 years ending in 2016 but lost more than 36,000 manufacturing jobs over that period, according to the state Tax Commission.

The Board of Commerce and Industry approved companies' applications for the tax breaks nearly 100 percent of the time.

But Jones said the board will not approve applications of companies that fail to show up to justify their need.

"At least in my experience over the last 11 years, (this board) has been fairly consistent that when we don't have someone here to explain what happened, there are consequences to that," he said in February.

Folgers was exempt from paying roughly \$596,788 a year in taxes under the exemptions at issue, according to state estimates.

With those exemptions canceled, the coffee company could be on the hook for taxes retroactive to July 31, 2017, the date the ITEP agreements expired.

City Hall expects to take in \$401 million in taxes overall this year, with \$146 million of that coming from property taxes.

When the city sees the potential windfall depends on when

► See **FOLGERS**, page 2B



**Folger's has \$85M in property listed as "exempt" for which exemptions expired in 2015, 2016 or 2017.**

Owner and Parcel Information			
Owner Name	FOLGER COFFEE CO	Today's Date	August 16, 2019
Mailing Address	ATTN: MICHAEL MAST THE J.M. SMUCKER CO. STRAWBERRY LANE ORRVILLE, OH 44667	Municipal District	3
Location Address	14601 OLD GENTILLY HW W	Tax Bill Number	39W956118
Property Class	<u>Exempt</u>	Special Tax District	
Subdivision Name	PRAIRIE LN	Land Area (sq ft)	1
Zoning District	Viewer not available	Building Area (sq ft)	0
Square	PARCEL 1	Revised Bldg Area (sqft)	
Book	14	Lot / Folio	B2C / 014
Line	061	Parcel Map	Parcel Map Not Available for this Parcel
Legal Description	1. PRAIRIE LANDS PT PARCEL 1 LOT B2C 2. SIC CODE# 2095 CONTRACT# 051025 3. EQUIPT: \$22,078,369: YRS: 2007-2016	Assessment Area	NA

Value Information									Estimate Taxes	Tax Information		
									Special Assessment Treatment			
Year	Land Value	Building Value	Total Value	Assessed Land Value	Assessed Building Value	Total Assessed Value	Homestead Exemption Value	Taxable Assessment	Age Freeze	Disability Freeze	Assmnt Change	Tax Contract
*2020	\$ 0	\$ 22,078,370	\$ 22,078,370	\$ 0	\$ 3,311,760	\$ 3,311,760	\$ 0	\$ 0				ITE10
2019	\$ 0	\$ 22,078,370	\$ 22,078,370	\$ 0	\$ 3,311,760	\$ 3,311,760	\$ 0	\$ 0				ITE10
2018	\$ 0	\$ 22,078,370	\$ 22,078,370	\$ 0	\$ 3,311,760	\$ 3,311,760	\$ 0	\$ 0				ITE10

\* Uncertified Values

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### Owner and Parcel Information

<b>Owner Name</b>	FOLGER COFFEE CO	<b>Today's Date</b>	August 16, 2019
<b>Mailing Address</b>	ATTN: MICHAEL MAST THE J.M. SMUCKER CO. STRAWBERRY LANE ORRVILLE, OH 44667	<b>Municipal District</b>	3
<b>Location Address</b>	14601 OLD GENTILLY HW V	<b>Tax Bill Number</b>	39W956124
<b>Property Class</b>	<u>Exempt</u>	<b>Special Tax District</b>	
<b>Subdivision Name</b>	PRAIRIE LN	<b>Land Area (sq ft)</b>	1
<b>Zoning District</b>	Viewer not available	<b>Building Area (sq ft)</b>	0
<b>Square</b>	PARCEL 1	<b>Revised Bldg Area (sqft)</b>	
<b>Book</b>	14	<b>Lot / Folio</b>	B2C / 014
<b>Line</b>	060	<b>Parcel Map</b>	Parcel Map Not Available for this Parcel
<b>Legal Description</b>	1. PRAIRIE LANDS PT PARCEL 1 LOT B2C 2. SIC CODE# 2095 CONTRACT# 040963-ITE 3. EQUIPT: \$23,599,139 YRS: 2006-2015	<b>Assessment Area</b>	NA

Expired

### Value Information

[Estimate Taxes](#)

**Tax Information**

Special Assessment Treatment

Year	Land Value	Building Value	Total Value	Assessed Land Value	Assessed Building Value	Total Assessed Value	Homestead Exemption Value	Taxable Assessment	Age Freeze	Disability Freeze	Assmnt Change	Tax Contract
*2020	\$ 0	\$ 23,599,140	\$ 23,599,140	\$ 0	\$ 3,539,870	\$ 3,539,870	\$ 0	\$ 0				ITE10
2019	\$ 0	\$ 23,599,140	\$ 23,599,140	\$ 0	\$ 3,539,870	\$ 3,539,870	\$ 0	\$ 0				ITE10
2018	\$ 0	\$ 23,599,140	\$ 23,599,140	\$ 0	\$ 3,539,870	\$ 3,539,870	\$ 0	\$ 0				ITE10

\* Uncertified Values

# LIST OF TAXABLE INDUSTRIAL PROPERTY BEING TREATED AS TAX-EXEMPT

Owner Name	Years Expire	Property value	Additional Taxes Owed	Tax Bill Number
ABBOTT ENTERPRISES, L.L.C.	3	\$ 1,161,000	\$ 88,050.90	102205218
AIR PRODUCTS & CHEMICALS INC	3	\$ 4,017,867	\$ 304,717.30	39W948438
DR G H TICHENOR ANTISEPTIC	3	\$ 291,467	\$ 22,105.00	39W968344
ENTERGY NEW ORLEANS INC MICHOD PLANT		\$ 889,200	\$ -	39W964554
ENTERGY NEW ORLEANS INC MICHOD PLANT		\$ 679,533	\$ -	39W964555
FOLGER COFFEE CO	5	\$ 15,280,133	\$ 2,032,648.83	39W956134
FOLGER COFFEE CO	4	\$ 23,599,133	\$ 2,456,010.68	39W956124
FOLGER COFFEE CO	3	\$ 22,078,400	\$ 1,674,438.43	39W956118
FOLGER COFFEE CO	3	\$ 25,246,415	\$ 1,716,401.33	
FOLGER COFFEE CO	3	\$ 15,639,680	\$ 1,063,278.39	
REILY FOODS COMPANY	2	\$ 2,557,933	\$ 124,191.09	39W920851
UNITED STATES GYPSUM CO	3	\$ 333,400	\$ 25,285.25	39W015744
UNITED STATES GYPSUM CO	2	\$ 567,200	\$ 27,538.32	39W015754
ABBOTT ENTERPRISES, L.L.C.	2	\$ 1,293,800	\$ 62,815.72	102205221
DR G H TICHENOR ANTISEPTIC	4	\$ 48,333	\$ 5,030.15	39W968343
ENTERGY SOLUTIONS DIST. ENERGY, LTD.,LLC	2	\$ 3,123,867	\$ 151,667.91	104103525
ENTERGY SOLUTIONS DIST. ENERGY, LTD.,LLC	2	\$ 270,000	\$ 13,108.86	104103522
ENTERGY SOLUTIONS DIST. ENERGY, LTD.,LLC		\$ 217,600	\$ -	104103521
TEXTRON MARINE & LAND SYSTEMS	1	\$ 1,684,133	\$ 38,145.62	39W948251
TEXTRON MARINE & LAND SYSTEMS	3	\$ 8,336,400	\$ 632,237.33	39W948247
THE CRESCENT CLUB NEW ORLEANS I LLC	0	\$ 26,798,333	\$ -	105204737
TRINITY YACHTS LLC	1	\$ 481,733	\$ 10,911.26	39W955078
TRINITY YACHTS LLC	2	\$ 339,533	\$ 16,484.80	39W955077
TRINITY YACHTS LLC	5	\$ 75,200	\$ 10,003.52	39W955075
TRINITY YACHTS LLC	5	\$ 262,600	\$ 34,932.52	39W955080
	<b>Total</b>	<b>\$ 155,272,895</b>	<b>\$ 10,510,003</b>	



**TAXABLE INDUSTRIAL  
PROPERTY ILLEGALLY OFF  
THE ROLLS**

**\$155 MILLION**

**TAXES OWED**

**\$10.5 MILLION**



# State law on assessors omitting property ...

If any tax assessor intentionally or knowingly or through negligence omits any taxable property from the assessment list, or permits it to be omitted therefrom, **he and his sureties in solido shall be liable on his official bond for the full amount of the taxes due on the property so omitted from the list**, together with ten percent interest per annum thereon from the due date of the taxes, ten percent attorney fees on the amount of the judgment recovered against him, and all costs of the suit.

RS 47:1957F



# RECOMMENDATIONS

- 1) Put all non-exempt taxable property on the tax rolls (\$155M) and conduct a supplementary assessment to collect back taxes for 3 years (assure this happens by October)**
- 2) Fix the “Parking Lot / Vacant Lot Perk” (land under-valuation problem)**
- 3) Correct the high-value bias**
- 4) Provide for better transparency, by making public the formulas for re-assessments and treating the tax rolls as public documents (i.e. you cannot charge \$8,000 to access them as a database)**